

Article 5C.

North Carolina Principal Fellows Program.

§ 116-74.41. North Carolina Principal Fellows Commission established; membership.

(a) There is established the North Carolina Principal Fellows Commission. The Commission shall exercise its powers and duties independently of the Board of Governors of The University of North Carolina. The Director of the Principal Fellows Program shall staff the Commission. The State Education Assistance Authority (SEAA) as created in G.S. 116-203 shall be responsible for implementing scholarship loan agreements, monitoring, cancelling through service, collecting and otherwise enforcing the agreements for the Principal Fellows Program scholarship loans established in accordance with G.S. 116-74.42.

(a1) Repealed by Session Laws 2018-5, s. 10A.3(a), effective July 1, 2018.

(b) The Commission shall consist of 12 members appointed as follows:

- (1) One member of the Board of Governors of The University of North Carolina appointed by the chair of that board, notwithstanding G.S. 116-7(b).
- (2) One member of the State Board of Education appointed by the State Board chair.
- (3) Two deans of schools of education appointed by the President of The University of North Carolina.
- (4) One public school teacher appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.
- (5) One public school principal appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives.
- (6) A local superintendent chosen by the State Superintendent of Public Instruction.
- (7) One member to represent business and industry appointed by the Governor.
- (8) One local school board member appointed by the chair of the State Board of Education.
- (9) One parent of a public school child appointed by the State Superintendent of Public Instruction.
- (10) The chairperson of the Board of the State Education Assistance Authority.
- (11) The director of the Principal Fellows Program. The director shall chair the Commission.

(c) Initial appointments shall be made no later than September 15, 1993. Initial terms of those members appointed to fill the teacher, principal, parent, superintendent, and the local school board member seats shall expire July 1, 1995. Initial terms of those members appointed to fill the Board of Governors of The University of North Carolina, State Board of Education, deans of schools of education, and the member of business and industry seats shall expire July 1, 1997. Thereafter, all appointments for these seats shall be for four-year terms.

(d) Except as otherwise provided, if a vacancy occurs in the membership, the appointing authority shall appoint another person to serve for the balance of the unexpired term. In the discretion of the appointing authority, a State Board of Education member or a member of the Board of Governors of The University of North Carolina may complete a term on the Commission after the member's appointment from the appointing board has expired.

(e) Commission members shall receive per diem, subsistence, and travel allowances in accordance with G.S. 138-5 or G.S. 138-6, as appropriate.

(f) The Commission shall meet regularly, at times and places deemed necessary by the chair. (1993, c. 321, s. 85(a); 2006-203, s. 51.2; 2018-5, s. 10A.3(a).)

§ 116-74.42. Principal Fellows Program established; administration.

(a) Program. – A Principal Fellows Program shall be administered by the North Carolina Principal Fellows Commission in collaboration with the State Education Assistance Authority. The Principal Fellows Program shall provide up to a two-year scholarship loan to selected recipients and shall provide extracurricular enhancement activities for recipients. The North Carolina Principal Fellows Commission shall determine selection criteria, methods of selection, and shall select recipients to receive scholarship loans made under the Principal Fellows Program.

(a1) Trust Fund. – The Principal Fellows Trust Fund (Trust Fund) shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated to, or otherwise received by, the Principal Fellows Program for scholarships and other program purposes, all funds received as repayment of scholarship loans, and all interest earned on these funds shall be placed in the Trust Fund.

(a2) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for scholarship loans granted under the Principal Fellows Program, administrative costs, and costs associated with program operations in accordance with this Article. The Authority may use up to eight hundred thousand dollars (\$800,000) from the Trust Fund each fiscal year for (i) its administrative costs, including recovery of funds advanced under the program; (ii) the salary and benefits of the director of the program; (iii) the expenses of the Commission, including applicant recruitment; and (iv) funds provided to the Commission for program monitoring and evaluation and extracurricular enhancement activities for program recipients.

(b) Director. – The Board of Governors of The University of North Carolina shall appoint a director of the Principal Fellows Program. The director shall chair and staff the Principal Fellows Commission, and shall administer the extracurricular enhancement activities of the program. The Board of Governors shall provide office space and clerical support staff for the program.

(c) Eligibility for Scholarship Loans. – The Principal Fellows Program shall provide a two-year scholarship loan in the amount specified in subsection (c1) of this section to persons who may be eligible to be selected as school administrators in the public schools of the State by completing a full-time program in school administration in an approved program. Approved programs are those chosen by the Commission from among school administrator programs within the State. No more than 200 principal fellow scholarship loan awards shall be made in each year. The final number of scholarship loan awards per year shall be made in accordance with the Board of Governors' findings concerning the supply and demand of administrators, the State's need for school administrator candidates and within funds appropriated for the scholarship loans. Effective September 1, 1995, and in accordance with school administrator training programs established by the Board of Governors of The University of North Carolina, recipients shall be required to complete an approved full-time academic program during the first year of the scholarship loan program and a full-time internship during the second year of the program. In order to attract fellows as interns, local school administrative units may use all or part of the funds allotted for an assistant principal salary for each intern accepted by the local school administrative unit; however, interns shall not serve as assistant principals.

(c1) Scholarship Loan Amount. – The scholarship loan shall be thirty thousand dollars (\$30,000) per participant for the first year of participation. For the second year of participation, the amount of the scholarship loan per participant shall be sixty percent (60%) of the beginning salary for an assistant principal plus four thousand one hundred dollars (\$4,100) for tuition, fees, and books. The Commission may adjust the amount of the scholarship loan specified in this

subsection to take into account increases in tuition, fees, and the cost of books, increases in the State principal assistant salary schedule, and changes in the stipend paid to participants in the program during the second year internship.

(d) Student Selection Criteria. – The Commission shall adopt stringent standards, which may include standardized test scores, undergraduate performance, job experience and performance, leadership and management abilities, and other standards deemed appropriate by the Commission, to ensure that only the best potential students receive scholarship loans under the Principal Fellows Program. The Commission shall consider the qualifications of all applicants fairly, regardless of gender or race, and shall consider the geographic diversity of the State. Scholarship loans under the Principal Fellows Program shall be awarded only to applicants who meet the standards set by the Commission, are domiciled in North Carolina, and who agree to work as school administrators in a North Carolina public school or at a school operated by the United States government in North Carolina upon completion of the two-year school administrator program supported by the loan.

(e) Program Selection. – The Commission shall develop and administer the Principal Fellows Program in cooperation with school administrator programs at institutions approved by the Commission. The Commission shall develop criteria and a process for the approval of campus program sites. Extracurricular enhancement activities shall be coordinated with each fellow's campus program and shall focus on the leadership development of program fellows.

(f) Review Committees. – The Commission may form regional review committees to assist it in identifying the best applicants for the program. The Commission and the review committees shall make an effort to identify and encourage women and minorities and others who may not otherwise consider a career in school administration to apply for the Principal Fellows Program.

(g) Administration of the Program. – Upon the naming of recipients of the scholarship loans by the Principal Fellows Commission, the Commission shall transfer to the State Education Assistance Authority (SEAA) its decisions. The SEAA shall perform all of the administrative functions necessary to implement this Article, which functions shall include: rule making, dissemination of information, disbursement, receipt, liaison with participating educational institutions, determination of the acceptability of service repayment agreements, and all other functions necessary for the execution, payment, and enforcement of promissory notes required under this Article. (1993, c. 321, s. 85(a); 2006-66, ss. 9.16(a), (b); 2018-5, s. 10A.3(b).)

§ 116-74.43. Terms of loans; receipt and disbursement of funds.

(a) All scholarship loans shall be evidenced by notes made payable to the State Education Assistance Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the school administrator program, or 90 days after termination of the scholarship loan, whichever is earlier. The scholarship loan may be terminated upon the recipient's withdrawal from school or by the recipient's failure to meet the standards set by the Commission.

(b) The State Education Assistance Authority shall forgive the loan and any interest accrued on the loan if, within six years after graduation from a school administrator program, exclusive of any authorized deferment for extenuating circumstances, the recipient serves for four years as a school administrator at a North Carolina public school or at a school operated by the United States government in North Carolina. The SEAA shall also forgive the loan if it finds that it is impossible for the recipient to work for four years, within six years after completion of the

two-year school administrator program supported by the scholarship loan at a North Carolina public school, or at a school operated by the United States government in North Carolina, because of the death or permanent disability of the recipient. If the recipient repays the scholarship loan by cash payments, all indebtedness shall be repaid within 12 years after completion of the two-year school administrator program supported by the scholarship loan. If the recipient completes the school administrator program, payment of principal and interest shall begin no later than 27 months after the completion of the program. Should a recipient present extenuating circumstances, the State Education Assistance Authority may extend the period to repay the loan in cash to no more than a total of 15 years.

(c) Repealed by Session Laws 2018-5, s. 10A.3(c), effective July 1, 2018. (1993, c. 321, s. 85(a); 1993 (Reg. Sess., 1994), c. 677, s. 12(a); 2008-204, s. 5.3; 2018-5, s. 10A.3(c).)